

## Message Text

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ORIGIN TRSE-00

INFO OCT-01 EUR-12 IO-14 ISO-00 EB-07 AGRE-00 ITC-01  
COME-00 CIAE-00 INR-07 NSAE-00 L-03 /045 R

DRAFTED BY TREAS:DSELF:JH  
APPROVED BY EB/OT/STA:JSSPIRO  
EUR/CE:JHURLEY

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P R 211942Z JUL 77  
FM SECSTATE WASHDC  
TO AMEMBASSY VIENNA PRIORITY  
INFO USMISSION GENEVA  
AMEMBASSY PARIS  
AMEMBASSY BERN  
AMEMBASSY BRUSSELS  
AMEMBASSY STOCKHOLM

UNCLAS STATE 170579

US MISSION ALSO FOR USMTN, PARIS FOR USOECD

E.O. 11652: N/A

TAGS: ETRD, AU

SUBJECT: COUNTERVAILING DUTY INVESTIGATION -- SHIPMENTS  
OF AUSTRIAN EMMENTHALER

1. THERE FOLLOWS THE TEXT OF A LETTER FROM TREASURY  
DEPUTY ASSISTANT SECRETARY SUCHMAN TO AUSTRIAN CHARGE IN  
WASHINGTON CONCERNING STEPS TREASURY IS CONSIDERING TO  
RESOLVE THE PROBLEM OF TRANSSHIPMENTS OF AUSTRIAN CHEESE  
EXPORTS TO THE US VIA A THIRD COUNTRY. BEGIN TEXT:

DEAR MR. MINISTER:  
I WANTED TO BRING TO YOUR ATTENTION A PROBLEM  
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THAT HAS DEVELOPED IN  
CONNECTION WITH THE RESOLUTION OF THE COUNTERVAILING DUTY  
INVESTIGATION BY THE TREASURY DEPARTMENT CONCERNING CHEESE  
IMPORTS FROM YOUR COUNTRY. AS YOU ARE AWARE, THE TREASURY  
DETERMINED ON JANUARY 7, 1976, THAT THE GOVERNMENT OF  
AUSTRIA SUBSIDIZES CHEESE EXPORTS. COUNTERVAILING DUTIES  
WERE WAIVED BECAUSE THE GOVERNMENT OF AUSTRIA AGREED THAT

THE SUBSIDY ON EMMENTHALER, WHICH ACCOUNTS FOR OVER 90 PERCENT OF AUSTRIAN CHEESE EXPORTS TO THE U.S., WOULD BE ELIMINATED THROUGH STAGED REDUCTIONS, THE LAST ONE TO HAVE OCCURRED BY SEPTEMBER 1, 1976.

DURING THE LAST SIX MONTHS IT HAS COME TO OUR ATTENTION THAT CERTAIN SHIPMENTS OF AUSTRIAN EMMENTHALER, ARE BEING EXPORTED TO THIS COUNTRY AT SUBSIDIZED PRICES. THIS HAS BEEN ACCOMPLISHED BY FIRST SHIPPING THE CHEESE TO A THIRD COUNTRY. SINCE IT IS OUR UNDERSTANDING THAT SUBSIDIES WERE ELIMINATED FOR EMMENTHALER SHIPPED TO THE U.S. ONLY, SALES TO OTHER COUNTRIES WOULD BE AT SUBSIDIZED PRICES. THE EVIDENCE INDICATES THAT SOME IMPORTERS IN CONCERT WITH EXPORTERS AND WHOLESALERS ARRANGED SHIPMENTS FROM AUSTRIA TO A THIRD COUNTRY FROM WHICH THE SUBSIDIZED CHEESE IS RE-EXPORTED TO THE U.S.

YOUR DAIRY ORGANIZATIONS UNDERSTANDABLY HAVE EXPRESSED CONCERN TO US ABOUT THIS SITUATION SINCE IT TENDS TO UNDER-CUT PRICES OF DIRECT SALES BY THEM TO MOST U.S. IMPORTERS. WE ARE AWARE THAT EFFORTS HAVE BEEN MADE IN AUSTRIA TO DISCOURAGE THIS PRACTICE, BUT IN THE LAST ANALYSIS IT IS THE RESPONSIBILITY OF THE TREASURY DEPARTMENT TO PREVENT EFFORTS AT CIRCUMVENTION OF ARRANGEMENTS WORKED OUT BETWEEN OUR GOVERNMENTS. WHILE THE THIRD COUNTRY SHIPMENT PROCEDURE IS UNQUESTIONABLY THE EXCEPTION

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RATHER THAN THE RULE, THERE IS A GROWING FEELING AMONG BOTH THE IMPORTERS OF AUSTRIAN EMMENTHALER AND THE U.S. INDUSTRY THAT THE ACTIONS UNDERTAKEN BY YOUR GOVERNMENT TO ELIMINATE THE COUNTERVAIL PROBLEM ARE BEING UNDERMINED

THROUGH TRANSSHIPMENT.

ACCORDINGLY, THE TREASURY IS CONSIDERING REQUIRING THAT CHEESE IMPORTS FROM AUSTRIA, AS WELL AS SOME OTHER SUPPLYING COUNTRIES WHERE SIMILAR PROBLEMS HAVE ARISEN, BE ACCOMPANIED WITH A "THROUGH-BILL-OF-LADING" DOCUMENT. THIS WOULD INSURE THAT IMPORTERS IN THIRD COUNTRIES COULD NOT TRANSSHIP CHEESE TO THE U.S. AT MORE ATTRACTIVE PRICES. THIS DOCUMENT IS FAMILIAR TO FOREIGN EXPORTERS AND U.S. IMPORTERS SINCE IT IS REQUIRED FOR CHEESE SHIPMENTS COVERED BY IMPORT LICENSES UNDER SECTION 22 OF THE AGRICULTURAL ADJUSTMENT ACT. TO ENFORCE THE "THROUGH-BILL-OF LADING" PROCEDURE, OUR COUNTERVAIL DUTY DETERMINATIONS AND WAIVERS WITH RESPECT TO CHEESE IMPORTS OF AUSTRIA AND THE OTHER COUNTRIES CONCERNED WOULD BE AMENDED TO ENABLE CUSTOMS OFFICERS TO ASSESS APPROPRIATE COUNTERVAILING DUTIES WHENEVER IT IS FOUND THAT CHEESE COMING

FROM THESE COUNTRIES DOES NOT HAVE SUCH A DOCUMENT.  
PRESENTLY COUNTERVAILING DUTIES CANNOT BE ASSESSED UNDER  
ANY CIRCUMSTANCES.

WE PLAN TO IMPLEMENT THIS PROCEDURE BY SEPTEMBER 1. WE  
WOULD APPRECIATE HAVING ANY COMMENTS YOUR GOVERNMENT MAY  
WISH TO BRING TO OUR ATTENTION CONCERNING THIS PROPOSAL.  
LET ME ASSURE YOU THAT WE APPRECIATE THE SENSITIVITY OF  
THIS MATTER AND FOR THIS REASON BELIEVE IT IS IN OUR  
MUTUAL INTEREST TO RESOLVE THE LATEST PROBLEM IN THE  
SHORTEST POSSIBLE TIME. I LOOK FORWARD TO HEARING FROM  
YOU.

SINCERELY YOURS,  
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PETER O. SUCHMAN (DATED 7/21/77)

END TEXT. VANCE

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CHEESE, TEXT, COUNTERVAILING DUTIES, INVESTIGATIONS, DIPLOMATIC COMMUNICATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
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**Disposition Approved on Date:**  
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**Disposition Comment:**  
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**Document Unique ID:** 00  
**Drafter:** DSELF:JH  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Message ID:** d6d1ea65-c288-dd11-92da-001cc4696bcc  
**Office:** ORIGIN TRSE  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Page Count:** 3  
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**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 1787244  
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**Status:** NATIVE  
**Subject:** COUNTERVAILING DUTY INVESTIGATION -- SHIPMENTS OF AUSTRIAN EMMENTHALER  
**TAGS:** ETRD, AU  
**To:** VIENNA  
**Type:** TE  
**vdkgvwkey:** odb://SAS/SAS.dbo.SAS\_Docs/d6d1ea65-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
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